

AMENDED IN SENATE JUNE 19, 2006

AMENDED IN ASSEMBLY MAY 26, 2006

AMENDED IN ASSEMBLY APRIL 18, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 3056

**Introduced by Committee on Natural Resources (Hancock
(Chair), La Malfa (Vice Chair), Keene, Koretz, Saldana, and
Wolk)**

March 2, 2006

An act to amend Sections 14524,, 14560, and 14581 of the Public Resources Code, relating to beverage containers,—~~and~~ making an appropriation therefor, *and declaring an urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 3056, as amended, Committee on Natural Resources. Beverage containers: quality incentive payments: refund values.

The California Beverage Container Recycling and Litter Reduction Act requires a distributor of specified beverage containers to pay a redemption payment to the Department of Conservation, for each beverage container, as defined, sold or transferred, for deposit in the California Beverage Container Recycling Fund.

The money in the fund is continuously appropriated to the department to pay refund values, administrative fees, and a reserve for contingencies. The department is then authorized to make other specified expenditures from the money remaining in the fund after the money for those purposes has been set aside.

The department is required to pay a processor the refund value for every empty beverage container received by the processor from a recycler and existing law sets the refund value at \$0.08 cents for every 2 beverage containers redeemed or for a single beverage container with a capacity of 24 or more fluid ounces, and \$0.04 for a single or unpaired beverage container redeemed in a single transaction.

This bill would authorize the department, after setting aside the money required for those other expenditures, to expend those moneys to pay a refund value in an amount greater than the specified refund value, until July 1, 2007, thereby making an appropriation.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14524 of the Public Resources Code is
2 amended to read:

3 14524. "Refund value" means the amount established for
4 each type of beverage container pursuant to Section 14560 that is
5 paid by the following:

6 (a) A certified recycling center to the consumer or dropoff or
7 collection center for each beverage container redeemed by the
8 consumer or dropoff or collection center. With respect to
9 consumers returning containers to recycling centers, the refund
10 value shall not be subject to tax under the Personal Income Tax
11 Law (Part 10 (commencing with Section 17001) of Division 2 of
12 the Revenue and Taxation Code) or the Bank and Corporation
13 Tax Law (Part 11 (commencing with Section 23001) of Division
14 2 of the Revenue and Taxation Code).

15 (b) A processor to a certified recycling center, dropoff or
16 collection program, curbside program, or nonprofit dropoff
17 program for each beverage container received from the certified
18 recycling center, dropoff or collection program, curbside
19 program, or nonprofit dropoff program.

20 (c) The department to a processor, for every beverage
21 container received by the processor from a certified recycling
22 center, curbside program, dropoff or collection program, or
23 nonprofit dropoff program.

1 SEC. 2. Section 14560 of the Public Resources Code is
2 amended to read:

3 14560. (a) (1) Except as provided in paragraph (3), a
4 beverage distributor shall pay the department, for deposit into the
5 fund, a redemption payment of four cents (\$0.04) for a beverage
6 container sold or offered for sale in this state by the distributor.

7 (2) A beverage container with a capacity of 24 fluid ounces or
8 more shall be considered as two beverage containers for purposes
9 of redemption payments paid pursuant to paragraph (1).

10 (3) On and after July 1, 2007, the amount of the redemption
11 payment and refund value for a beverage container with a
12 capacity of less than 24 fluid ounces sold or offered for sale in
13 this state by a dealer shall equal five cents (\$0.05) and the
14 amount of redemption payment and refund value for a beverage
15 container with a capacity of 24 fluid ounces or more shall be ten
16 cents (\$0.10), if the aggregate recycling rate reported pursuant to
17 Section 14551 for all beverage containers subject to this division
18 is less than 75 percent for the 12-month reporting period from
19 January 1, 2006, to December 31, 2006, or for any calendar year
20 thereafter.

21 (b) Except as provided in subdivision (c), a beverage container
22 sold or offered for sale in this state has a refund value of four
23 cents (\$0.04) if the beverage container has a capacity of less than
24 24 fluid ounces and eight cents (\$0.08) if the beverage container
25 has a capacity of 24 fluid ounces or more.

26 (c) Notwithstanding subdivision (b), the department may, on
27 and after January 1, 2007, but not after July 1, 2007, increase the
28 amount of the refund value specified in subdivision (b), if the
29 department determines, as specified in subdivision (f) of Section
30 14581, there are sufficient moneys remaining in the fund to make
31 these increased payments.

32 (d) (1) The department shall periodically review the fund to
33 ensure that there are adequate funds in the fund to pay refund
34 values and other disbursements required by this division.

35 (2) If the department determines, pursuant to a review made
36 pursuant to paragraph (1), that there may be inadequate funds to
37 pay the refund values and necessary disbursements required by
38 this division, the department shall immediately notify the
39 Legislature of the need for urgent legislative action.

(3) On or before 180 days after the notice is sent pursuant to paragraph (2), the department may reduce or eliminate expenditures, or both, from the fund as necessary, according to the procedure set forth in Section 14581, to ensure that there are adequate funds in the fund to pay the refund values and other disbursements required by this division.

(e) This section does not apply to a refillable beverage container.

(f) The repeal and reenactment of this section by Chapter 815 of the Statutes of 1999 do not affect any obligations or penalties imposed by this section, as it read on January 1, 1999.

SEC. 3. Section 14581 of the Public Resources Code is amended to read:

14581. (a) Subject to the availability of funds, and pursuant to subdivision (c), the department shall expend the moneys set aside in the fund, pursuant to subdivision (c) of Section 14580, for the purposes of this section:

(1) (A) On and after July 1, 2004, to June 30, 2005, inclusive, up to thirty million dollars (\$30,000,000) may be expended for that fiscal year for the payment of handling fees pursuant to Section 14585.

(B) For each fiscal year commencing July 1, 2005, twenty-six million five hundred thousand dollars (\$26,500,000) shall be expended each fiscal year for the payment of handling fees required pursuant to Section 14585.

(2) Fifteen million dollars (\$15,000,000) shall be expended annually for payments for curbside programs and neighborhood dropoff programs pursuant to Section 14549.6.

(3) (A) Fifteen million dollars (\$15,000,000), plus the proportional share of the cost-of-living adjustment, as provided in subdivision (b), shall be expended annually in the form of grants for beverage container litter reduction programs and recycling programs issued to either of the following:

(i) Certified community conservation corps that were in existence on September 30, 1999, or that are formed subsequent to that date, that are designated by a city or a city and county to perform litter abatement, recycling, and related activities, if the city or the city and county has a population, as determined by the most recent census, of more than 250,000 persons.

1 (ii) Community conservation corps that are designated by a
2 county to perform litter abatement, recycling, and related
3 activities, and are certified by the California Conservation Corps
4 as having operated for a minimum of two years and as meeting
5 all other criteria of Section 14507.5.

6 (B) Any grants provided pursuant to this paragraph shall not
7 comprise more than 75 percent of the annual budget of a
8 community conservation corps.

9 (4) (A) Ten million five hundred thousand dollars
10 (\$10,500,000) may be expended annually for payments of five
11 thousand dollars (\$5,000) to cities and ten thousand dollars
12 (\$10,000) for payments to counties for beverage container
13 recycling and litter cleanup activities, or the department may
14 calculate the payments to counties and cities on a per capita
15 basis, and may pay whichever amount is greater, for those
16 activities.

17 (B) Eligible activities for the use of these funds may include,
18 but are not necessarily limited to, support for new or existing
19 curbside recycling programs, neighborhood dropoff recycling
20 programs, public education-promoting beverage container
21 recycling, litter prevention, and cleanup, cooperative regional
22 efforts among two or more cities or counties, or both, or other
23 beverage container recycling programs.

24 (C) These funds may not be used for activities unrelated to
25 beverage container recycling or litter reduction.

26 (D) To receive these funds, a city, county, or city and county
27 shall fill out and return a funding request form to the Department
28 of Conservation. The form shall specify the beverage container
29 recycling or litter reduction activities for which the funds will be
30 used.

31 (E) The Department of Conservation shall annually prepare
32 and distribute a funding request form to each city, county, or city
33 and county. The form shall specify the amount of beverage
34 container recycling and litter cleanup funds for which the
35 jurisdiction is eligible. The form shall not exceed one
36 double-sided page in length, and may be submitted
37 electronically. If a city, county, or city and county does not return
38 the funding request form within 90 days of receipt of the form
39 from the department, the city, county, or city and county is not
40 eligible to receive the funds for that funding cycle.

(F) For the purposes of this paragraph, per capita population shall be based on the population of the incorporated area of a city or city and county and the unincorporated area of a county. The department may withhold payment to any city, county, or city and county that has prohibited the siting of a supermarket site, caused a supermarket site to close its business, or adopted a land use policy that restricts or prohibits the siting of a supermarket site within its jurisdiction.

(5) One million five hundred thousand dollars (\$1,500,000) may be expended annually in the form of grants for beverage container recycling and litter reduction programs.

(6) (A) The department shall expend the amount necessary to pay the processing payment and supplemental processing payment established pursuant to Sections 14575 and 14575.5 and pay processing fee rebates pursuant to Section 14575.2. The department shall establish separate processing fee accounts in the fund for each beverage container material type for which a processing payment and processing fee are calculated pursuant to Section 14575, or for which a processing payment is calculated pursuant to Section 14575 and a voluntary artificial scrap value is calculated pursuant to Section 14575.1, into which account shall be deposited all of the following:

(i) All amounts paid as processing fees for each beverage container material type pursuant to Section 14575.

(ii) Funds equal to the difference between the amount in clause (i) and the amount of the processing payments established in subdivision (b) of Section 14575, and adjusted pursuant to paragraphs (2) and (3) of subdivision (c) of, and subdivision (f) of, Section 14575, to reduce the processing fee to the level provided in subdivision (f) of Section 14575, or to reflect the agreement by a willing purchaser to pay a voluntary artificial scrap value pursuant to Section 14575.1.

(iii) Funds equal to an amount sufficient to pay the total amount of the supplemental processing payments established pursuant to Section 14575.5.

(B) Notwithstanding Section 13340 of the Government Code, the money in each processing fee account is hereby continuously appropriated to the department for expenditure without regard to fiscal years, for purposes of making processing payments and supplemental processing payments, and reducing processing fees,

1 pursuant to Sections 14575 and 14575.5 and paying processing
2 fee rebates pursuant to Section 14575.2.

3 (7) Up to five million dollars (\$5,000,000) may be annually
4 expended by the department for the purposes of undertaking a
5 statewide public education and information campaign aimed at
6 promoting increased recycling of beverage containers.

7 (8) Up to three million dollars (\$3,000,000) shall be expended
8 annually for the payment of quality glass incentive payments
9 pursuant to Section 14549.1.

10 (9) Up to ten million dollars (\$10,000,000) may be expended
11 annually by the department , until January 1, 2007, to issue
12 grants for recycling market development and expansion-related
13 activities aimed at increasing the recycling of beverage
14 containers, including, but not limited to, the following:

15 (A) Research and development of collecting, sorting,
16 processing, cleaning, or otherwise upgrading the market value of
17 recycled beverage containers.

18 (B) Identification, development, and expansion of markets for
19 recycled beverage containers.

20 (C) Research and development for products manufactured
21 using recycled beverage containers.

22 (D) Payments to California manufacturers who recycle
23 beverage containers that are marked by resin type identification
24 code “3,” “4,” “5,” “6,” or “7,” pursuant to Section 18015.

25 (10) Up to ten million dollars (\$10,000,000) may be
26 transferred on a one-time basis by the department to the
27 Recycling Infrastructure Loan Guarantee Account, for
28 expenditure pursuant to Section 14582.

29 (b) The fifteen million dollars (\$15,000,000) that is set aside
30 pursuant to paragraph (3) of subdivision (a) is a base amount that
31 the department shall adjust annually to reflect any increases or
32 decreases in the cost of living, as measured by the Department of
33 Labor, or a successor agency, of the federal government.

34 (c) (1) The department shall review all funds on a quarterly
35 basis to ensure that there are adequate funds to make the
36 payments specified in this section and the processing fee
37 reductions required pursuant to Section 14575.

38 (2) If the department determines, pursuant to a review made
39 pursuant to paragraph (1), that there may be inadequate funds to
40 pay the payments required by this section and the processing fee

1 reductions required pursuant to Section 14575, the department
2 shall immediately notify the appropriate policy and fiscal
3 committees of the Legislature regarding the inadequacy.

4 (3) On or before 180 days after the notice is sent pursuant to
5 paragraph (2), the department may reduce or eliminate
6 expenditures, or both, from the funds as necessary, according to
7 the procedure set forth in subdivision (d).

8 (d) If the department determines that there are insufficient
9 funds to make the payments specified pursuant to this section and
10 Section 14575, the department shall reduce all payments
11 proportionally.

12 (e) Prior to making an expenditure pursuant to paragraph (7)
13 of subdivision (a), the department shall convene an advisory
14 committee consisting of representatives of the beverage industry,
15 beverage container manufacturers, environmental organizations,
16 the recycling industry, nonprofit organizations, and retailers, to
17 advise the department on the most cost-effective and efficient
18 method of the expenditure of the funds for that education and
19 information campaign.

20 (f) After setting aside money for the expenditures required
21 pursuant to subdivisions (a) and (b) and Section 14580, the
22 department may, on and after January 1, 2007, but not after July
23 1, 2007, expend remaining moneys in the fund to pay a refund
24 value in an amount greater than the refund value established
25 pursuant to subdivision (b) of Section 14560.

26 *SEC. 4. This act is an urgency statute necessary for the*
27 *immediate preservation of the public peace, health, or safety*
28 *within the meaning of Article IV of the Constitution and shall go*
29 *into immediate effect. The facts constituting the necessity are:*

30 *In order to encourage the recycling of beverage containers,*
31 *thereby protecting public health and safety, and the*
32 *environmental, it is necessary that this act take effect*
33 *immediately.*